

Chris SCHUMACHER Last Close: \$74.50

Parker Hannifin
(PH:NYSE)

52-Week Range:
\$60.73 - \$86.99

PH Balanced for a Bear

- Several bearish scenarios have played out in Parker Hannifin since March 2006.
- Distribution pressure should increase, creating a bearish setup for this name.
- Also, updates on Alcan, RadioShack and Semiconductor Manufacturing.

The Short Advisor Portfolio

The Short Advisor Portfolio and Watch List are on page 4 of today's issue.

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Industrial-goods company **Parker Hannifin (PH)** has been going the way of the broader market since March 2006. After a top above \$85 created distribution pressure, several bearish scenarios have played out.

The first bearish event occurred in March when selling pressure led to the move down to \$77. Then a small reversal brought in more distribution

pressure as a sell-the-rally mentality took over. This ended the weak reversal and pushed the price even lower, to just above \$70 in June.

Since then, the stock price has created a series of lower highs and lower lows, another bearish occurrence.

(Continued on the next page)

Parker Hannifin (PH) -- Daily



However, there has not yet been a capitulation that would mark the end of distribution pressure and create a stronger support level. Volume above 2 million shares on the day with vertical price movement would confirm a capitulation phase, as all traders who are short Parker would sell their positions for a profit at that point.

There also exists a "perfect storm" scenario in which price would have to push back to the triple inflection point of the 200-day moving average (MA), the downtrend line and the 50-day MA resistance. But it would take a lot to push the stock price above these three areas of hidden resistance. Instead, price should back off, and distribution pressure should get stronger again.

Therefore, the ideal setup for this trade will be to look for an entry at \$74.50, with a stop at \$76.50. Note that the stock closed at \$74.50 Friday, so if it opens above that price Monday, take the open price. If it opens below that level, wait for the stock to trade back to \$74.50.

With \$2 in risk, the first profit target will be placed at \$72.50, where partial profits could be taken. The final profit target will be placed at \$70.50.

If Parker Hannifin's stock price moves under \$72.50 without first offering an entry, this trade setup is no longer valid.

Updates

Alcan (AL) set up last week with a gap-up entry at \$45.79, hit the first profit target at \$43.85 and then stopped out when the price gapped up on strong earnings. This trade is no longer open.

Radio Shack (RSH) is still open with an entry at \$19.10, and the adjusted stop remains at \$19. The final target in the model portfolio remains a move under \$10 over the longer term.

Semiconductor Manufacturing (SMI) did not set up last week. The ideal setup for this trade would be to see price move to \$7 for entry. The stop would be placed at \$8.10, just above the last resistance level in May, 2006. This would offer \$1.10 in risk.

The first profit target would be placed at \$5.90 to satisfy the 1-to-1 reward/risk ratio, and the final profit target would be at \$4.80. If the price of the stock closes under \$6.25 without first offering an entry, this trade setup is no longer valid.

The Short Advisor Portfolio						
Company	Entry Date	Cost Basis	Stop-Loss	Targets*	Most Recent Price	% Gain/Loss
Building Materials BMHC	07/20/2006	\$23.45	\$26.50	\$10	\$ 22.10	5.76%
Building Materials BMHC	07/25/2006	\$21.48	\$26.50	\$10	\$ 22.10	-2.89%
Hershey HSY	08/03/2006	\$52.63	\$57.10	\$40	\$ 53.11	-0.91%
Komag KOMG	07/27/2006	\$40.75	\$42	\$30	\$ 38.05	6.63%
RadioShack RSH	03/27/2006	\$ 19.10	\$19	A move under \$10	\$ 16.86	11.73%
Titanium Metals TIE	07/13/2006	\$ 27.85	\$30.25	\$20	\$ 28.49	-2.30%

* (1) Indicates initial profit target; (2) Indicates final profit target.

The Short Advisor Watch List

Company	Author	Date Published	Current Price	Entry Price	Stop-Loss	Targets*
Semiconductor Manufacturing (SMI:NYSE)	Schumacher	7/24/2006	\$6.38	\$7	\$8.10	\$5.90 (1) \$4.80 (2)

* (1) Indicates initial profit target; (2) Indicates final profit target

The Short Advisor Performance

Average Return Open Positions	3.00%	Performance results listed here reflect values of stocks as of the close of the most recently completed trading day but do NOT take into account dividends paid, interest earned or commissions. Results are updated overnight and posted prior to the market open the following business day. The Total Average Return figures reflect changes since inception on March 12, 2003.
Average Return Closed Positions	-0.18%	
Total Average Return	-0.11%	

To see the full Short Advisor portfolio, including closed positions, visit
<http://www.thestreet.com/k/sr/portfolio.html>.

Contributors

Dan Fitzpatrick

Dan Fitzpatrick is an independent trader in stocks and options, with experience as co-manager of a hedge fund. Fitzpatrick has taught seminars on technical analysis, options trading and asset protection strategies for traders and business owners, and is a member of the Market Technicians Association.

Fitzpatrick graduated from the McGeorge School of Law. He invites your feedback, comments and suggestions [via email](#).

Chris Schumacher

Schumacher serves as managing partner of GST Capital Group. He is a financial trader, speaker, writer and author of *Techniques of Tape Reading* (2003, McGraw Hill). Schumacher has delivered seminars throughout the U.S., is a featured speaker at trading expos and a guest contributor to CNBC's "Bullseye" program.

He is a graduate of The Ohio State University and has served as a guest lecturer at The Ohio State University's Fisher College of Business as well as the Center for Entrepreneurship. While Schumacher cannot offer specific investment or trading advice, he invites your feedback -- [send him an email](#).

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Legal Information

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Dan Fitzpatrick and Chris Schumacher are outside contributors to TheStreet.com's *RealMoney*. TheStreet.com is a publisher and has registered as an investment adviser with the U.S. Securities and Exchange Commission.

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